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## Broadband: Encouraging Deploying and Boosting Demand

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Over the past two years, President Bush has repeatedly emphasized the importance of broadband expansion, but unfortunately his rhetoric has not always matched his true priorities. When Congress passed economic stimulus legislation earlier this year, President Bush rebuffed bipartisan efforts to include a proposal to provide tax credits to telecommunications companies that deploy broadband to rural and underserved areas. Meanwhile, unemployment in my Silicon Valley district has risen to 7.9 percent—the highest percentage since 1983. A recent survey of more than 400 San Francisco Bay Area CEOs indicates that only 39 percent believe the local economy will become stronger in the next six months.



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With national economic forecasts equally gloomy, it is now time for Congress to refocus its attention on revitalizing the IT sector, which was responsible for ushering in unprecedented capital investment and job growth during the 1990s. Renewed emphasis on broadband deployment holds the promise of restoring the 500,000 telecommunications jobs that have been eliminated since the downturn of the economy. In fact, a recent study by Stephen Pociask of TeleNomic Research concluded that building a robust national broadband network could directly and indirectly create 1.2 million new jobs.

The federal government has a powerful role to play in maximizing broadband opportunities. First and foremost, the federal government must articulate a bold and coherent broadband strategy as suggested by numerous industry associations, including TechNet and the Telecommunications Industry Association. It is shameful that, of the G7 countries, the United States and Italy are the only two that lack a broadband policy and vision. The National Telecommunications and Information Administration at the U.S. Department of Commerce is only now developing a strategy, one that will largely rely on removing regulatory roadblocks to investment in this critical infrastructure.

While the Bush administration should remove unnecessary regulatory obstacles, it should also work with congressional leaders to pass tax incentives for broadband deployment. The Broadband Internet Access Act, for example, offers a five-year, two-tiered tax credit to telecommunications companies that build-out advanced broadband infrastructure to rural and underserved areas. Support from the Bush administration for this bill would best illustrate its commitment to a sophisticated high-speed Internet network.

But even as the federal government works to expand broadband supply, it must also take steps to bolster demand for advanced telecommunications services. According to J.P. Morgan, 85 percent of households potentially have access to broadband. However, only 12 percent of these households have chosen to subscribe to broadband services. Government at all levels must address the underlying and unresolved issues that have led to such low subscription levels.

At an average cost of \$50 per month, broadband service is not cheap. Most Americans do not yet find Internet content and applications compelling enough to pay this monthly fee. But government can help foster an environment that encourages further innovation and creativity on the Internet. In order to create that environment, Congress must adopt public policies that promote broadband demand. Federal agencies need to continue their efforts to offer services online, and Congress can advance this effort by passing the E-Government Act of 2002. Congress must also pass reasonable privacy and spam legislation and promote the use of technologies that inspire consumer confidence such as the Platform for Privacy Preferences (P3P). Further, Congress will need to act on a number of outstanding copyright issues that have led to confusion over the use of digital content.

It was our nation's early emphasis on promoting ubiquitous access to basic telephone service that positioned the United States to lead the world in adoption and commercialization of the Internet. I am convinced that appropriate federal and private sector investment in broadband will lead to a new era of innovation and job creation.

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